

No. 22123

UNITED STATES COURT OF APPEALS
For the Ninth Circuit

SKI POLE SPECIALISTS, INC., a corporation,
Plaintiff-Appellant,

-vs-

ROBERT J. McDONALD,
Defendant-Appellee.

APPEAL FROM UNITED STATES DISTRICT COURT
DISTRICT OF IDAHO

APPELLANT'S PETITION FOR REHEARING

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FEB 2 1969

FILED

DEC 2 1968

WM. B. LUCK, CLERK

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For the Ninth Circuit

SKI POLE SPECIALISTS, INC.,)
a corporation,)
Plaintiff-Appellant,)
-vs-)
ROBERT J. McDONALD,)
Defendant-Appellee.)

No. 22123

APPELLANT'S
PETITION FOR REHEARING

Appellant respectfully petitions this Honorable Court for a rehearing on the above entitled cause pursuant to the provisions of Rule 23 of the Rules of the United States Court of Appeals for the Ninth Circuit:

I.

Appellant respectfully urges that certain of the testimony has been overlooked by this Honorable Court in arriving at the logic upon which this Court based its Opinion. The Court at Page 4 of its Opinion in the second paragraph thereof concluded that the use of the word "unlawfully" identified and distinguished this Notice as being something other than a Notice of Infringement and stated that if a licensee "failed to pay royalties called for by the License Agreement, its employment of the invention could be said to be unlawful on that independent ground". The Court then took cognizance of substantially identical notices sent by McDonald to A & T Ski Company and others (Plaintiff's Exhibit 47). The Court concluded that as to them "the notice was probably intended only as a warning for the future and an announcement that the patent had at last issued." This conclusion is clearly contradicted by the record. This was apparently

overlooked by the Court. Appellee's counsel, Mr. Henry, upon cross-examination of Mr. Woodward, Vice President of A & T, relative to the Notice (Plaintiff's Exhibit 47) made this statement at Page 43, Transcript:

"Q Well, you received a notice of infringement. This has been established and it is admitted by our side that Anderson-Thompson received a notice of infringement."

Later (Page 78, Transcript) Appellee himself in response to cross-examination relative to other Notices of Infringement, responded with the following question:

"A At the time the infringement notice introduced in evidence was sent to Anderson & Thompson?"

We respectfully submit, therefore, that insofar as the logic of the Court may be grounded upon the conclusion that the Notice was sent to other manufacturers was not a Notice of Infringement that the statements of Appellee and Appellee's attorney hereinbefore quoted from the record have been overlooked.

II.

This Honorable Court concluded in Footnote 4 of its Opinion, among other things, that Appellant had not repudiated its License. Appellant suggests that this conclusion overlooks certain testimony found in the record and a stipulation of counsel likewise found in the record. This testimony and the stipulation apparently overlooked by the Court discloses that there was a repudiation by reason of the fact that Appellee had brought suit on the License Agreement against Appellant to collect royalties. The following stipulation relative to Plaintiff's status at the time notice was sent appears at Page 282, Transcript:

"MR. WEBB: I can stipulate to the status of the case.

THE COURT: Perhaps counsel can agree and that might be more helpful.

MR. DONART: On the 30th of August, 1965, the plaintiff's case

had been put in. A motion for involuntary dismissal had been made by the defendant, at that time it was this witness individually; that thereafter and prior to the 30th of August, 1965, the plaintiff therein had filed the motion seeking to bring in Ski Pole Specialists, Inc., and Precision Ski Pole Manufacturing Company as defendants and that the Court had not ruled on either of those motions. I think that is probably as far as necessary.

MR. WEBB: So stipulated."

We likewise suggest that in arriving at this conclusion the Court overlooked the uncontradicted testimony of the witness Scott, President of Appellant at Pages 260 and 261, Transcript:

"Q At any time did the corporation advise Mr. McDonald that it felt that it was no longer bound by the Agreement?

A Not by words, I think perhaps by our actions.

Q In other words, by defending yourselves in the State Court action?

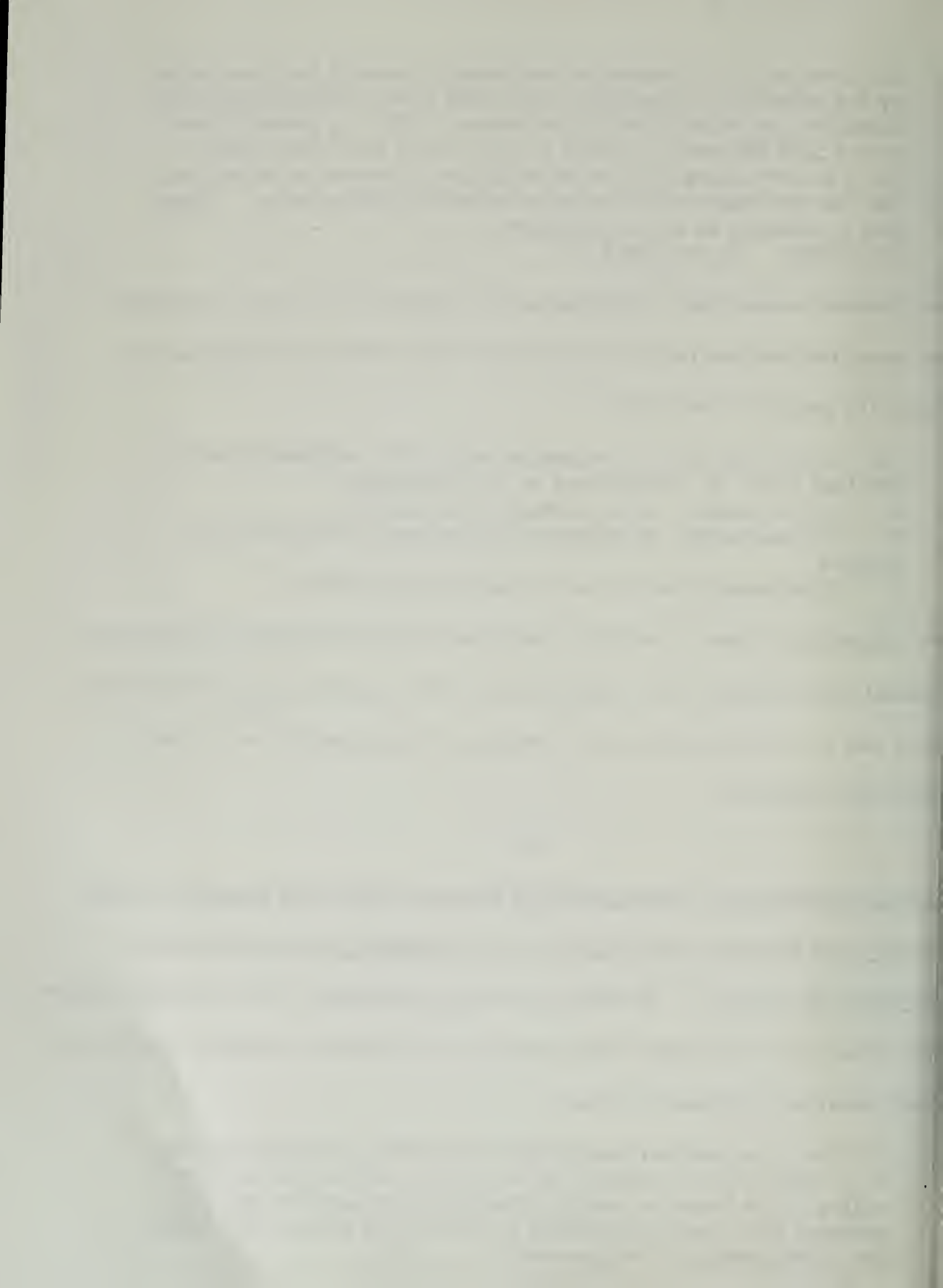
A Considerably before that by ceasing performance."

We respectfully submit, therefore, that in view of the foregoing stipulation of counsel and testimony of the witness Scott that it cannot logically be said that there was not a repudiation even if we assume that Appellant was in fact at that time a Licensee.

III.

Appellant respectfully submits that this Honorable Court has failed to consider the fact that Appellant could not by its own unilateral action place itself in the status of licensee. We direct attention to Paragraph 7 of the License Agreement which was not brought to the attention of the Court in either of Appellant's Briefs previously wherein it states:

"7. The Licensee shall not assign this License, or any part thereof, or grant any sub-licenses to any person, without the consent in writing of the Licensor, and the Licensor shall have the option to terminate this License Agreement in the event of the death or incapacity or insolvency of the Licensee."



The Licensee therein named is Edward L. Scott and not Appellant. Scott could not assign to Appellant without the consent of Appellee. The evidence failed to establish either an assignment or any consent given by Appellee to such an assignment. The Court after hearing all of the evidence found that Appellant was the alter ego of Scott, the licensee. This is a status that Appellant could not have established by its unilateral action. Appellant respectfully urges, therefore, that it could only regard itself as an accused infringer upon receipt of the Notice in question. It knew Appellee had not given his consent. Appellant had not received an assignment and could not receive an assignment without the consent of Appellee because of the requirement contained in Paragraph 7 of the License Agreement.

IV.

Appellant respectfully submits that this Honorable Court failed to consider and distinguish the Landmark Case from the Supreme Court of the United States of Edward Katzinger Company vs. Chicago Metallic Manufacturing Company (1947) 329 U.S. 394, 67 S.Ct. 416, 91 L.Ed 374, wherein a virtually identical situation presented itself. In that case plaintiff was in fact a named licensee. It, nevertheless, commenced that action, like this, under the Declaratory Judgments Act after having terminated the License. It refused to pay further royalties. The only controversy was the validity of the patent. Such a controversy over the validity of the patent certainly existed in the instant case. The trial court held that the plaintiff was estopped by the License Agreement to attack patent validity. This was reversed by the Circuit Court of Appeals by reason of the presence of a price-fixing provision in the License Agreement which the

Circuit Court held was not severable and could therefore not be avoided even though it had not been enforced. This was affirmed by the Supreme Court of the United States. This case is fully discussed in both of Appellant's Briefs.

In conclusion, therefore, Appellant respectfully urges that it was neither a licensee or an assignee of the licensee at the time the Notice was sent; that it was entitled to regard the same as an accusation of infringement; that it was entitled to interpret the Notice in the same way that A & T Ski Company, Appellee and Appellee's counsel interpreted a substantially identical Notice sent to A & T Company; that if Appellant was in fact a licensee, it had by its actions repudiated the license; that it should be permitted to attack the validity of the patent by reason of the price-fixing provision in the License Agreement.

Appellant further respectfully urges that the above entitled matter should be reheard by reason of the fact that at the time of the initial hearing Appellant's Reply Brief had not been placed before the Court and that a rehearing upon the propositions herein set forth with all Briefs of both parties before the Court at said hearing would permit full and complete consideration of all matters herein set forth.

Respectfully submitted,

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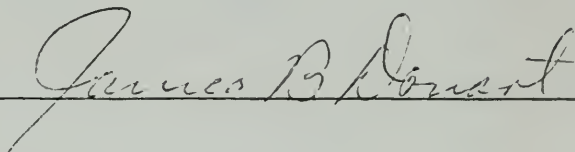
Attorneys for Appellant

By James B Donart

CERTIFICATE OF COUNSEL

I, James B. Donart, one of the attorneys for the Appellant in the above entitled action do hereby certify and declare that the within and hereunto attached Petition for Rehearing is in my judgment well founded and the same is not interposed for the purpose of effecting any delay.

Dated this 29th day of November, 1968.



CERTIFICATE OF SERVICE

A true copy of the foregoing Appellant's Petition for Rehearing has been sent to Lloyd J. Webb of Rayborn, Rayborn, Webb & Pike, P. O. Box 321, Twin Falls, Idaho 83301, and Robert J. Henry, 155 Montgomery Street, San Francisco, California 94104, as attorneys for Appellee, by United States mail, postage prepaid this 29th day of November, 1968.